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UNITED STATES DEPARTMENT OF AGRICULTURE
BUREAU OF AGRICULTURAL ECONOMICS
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FEBRUARY 1 1938

THE POULTRY AND EGG SITUATION

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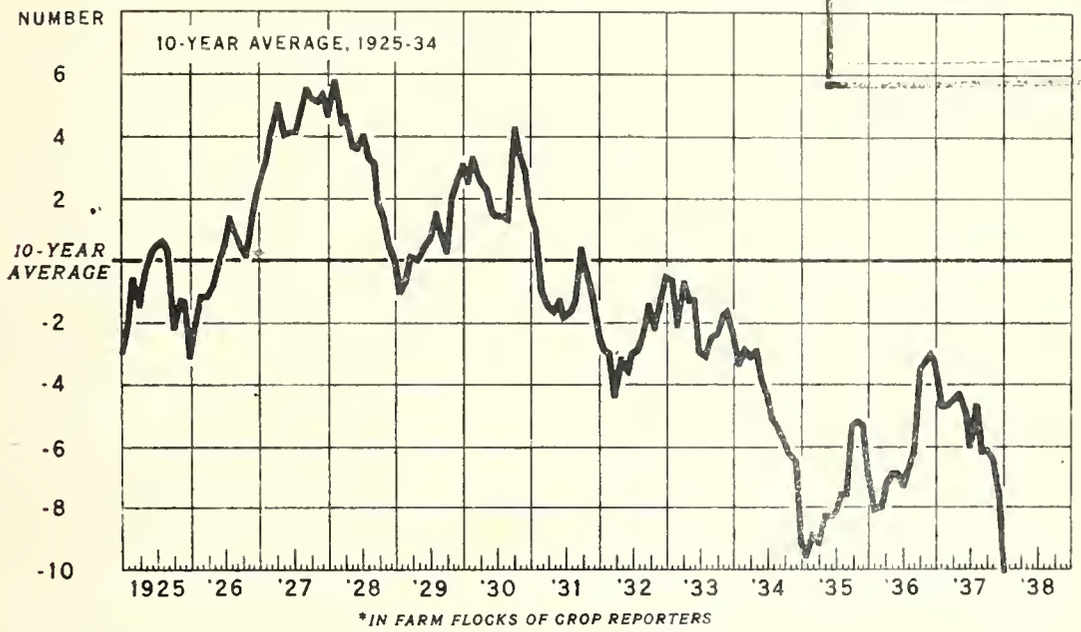
HENS AND PULLETS OF LAYING AGE*: NUMBER PER FARM FLOCK ABOVE OR BELOW 10-YEAR AVERAGE, 1ST DAY OF MONTH, 1925-38



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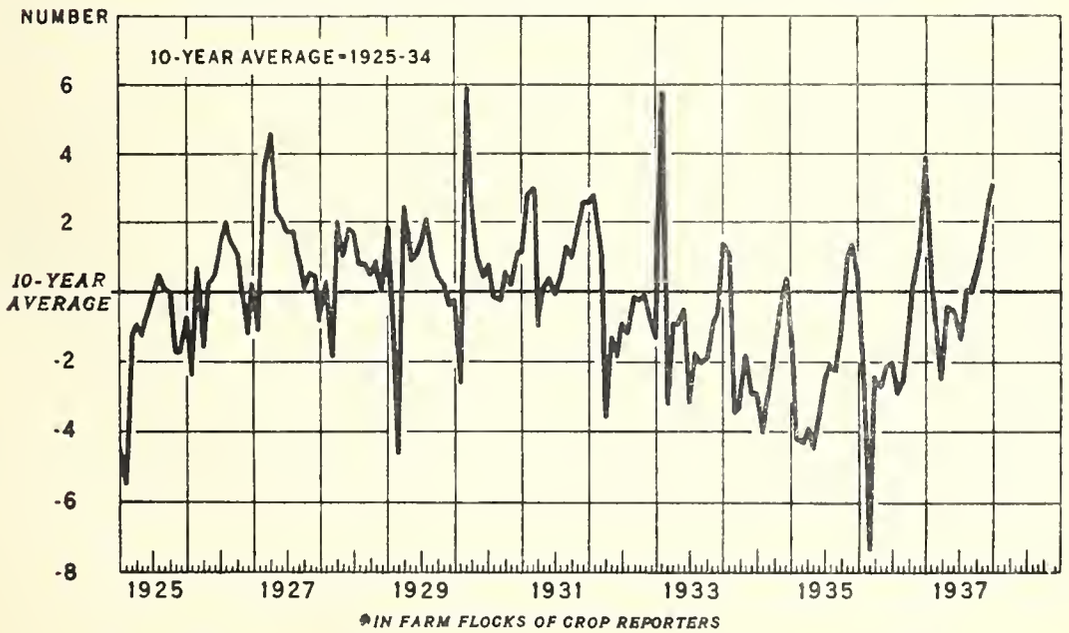

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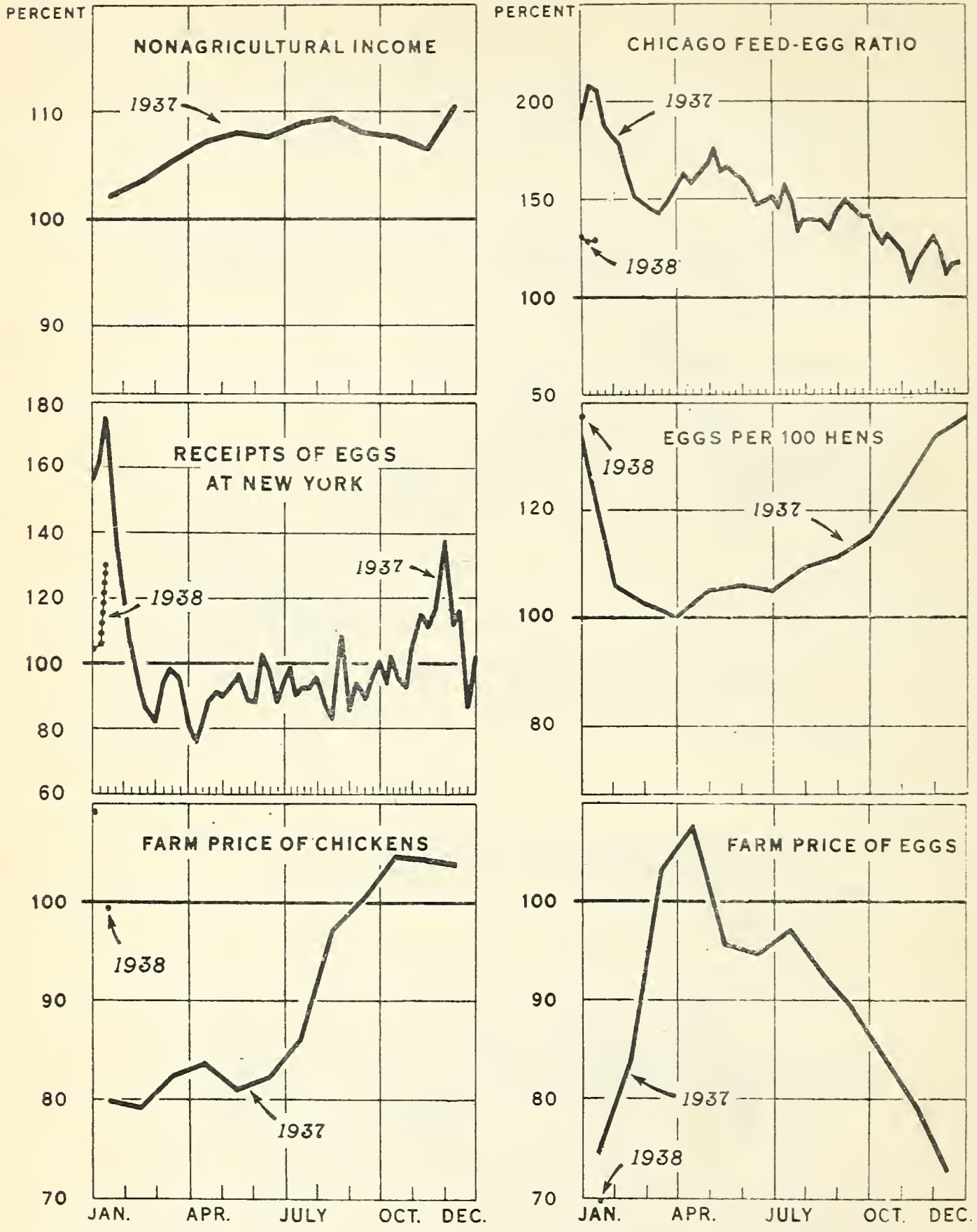

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FIGURE 1

THE POULTRY AND EGG SITUATION

PES-14 February 1, 1938.

Summary

An outstanding factor in the current poultry and egg situation, according to the Bureau of Agricultural Economics, is the small flock size with which farmers have started out the new year. The effect of this situation on egg prices is at present offset by lower consumer incomes than in 1937, by large holdings of frozen eggs, by a high rate of egg production per bird, and by the completion of a very unprofitable storage year. Hence, the outlook until mid-spring is for egg prices below those of 1937. During the remainder of the year, reduced production resulting from the smaller flock size is likely to bring a gradual price advance above the corresponding prices of 1937.

The more favorable feed-egg price conditions this year will tend to stimulate hatchings above those of 1937. The outlook, therefore, is for lower chicken prices in the last half of the year than in 1937. During the next few months, however, low poultry supplies, both on the farm and in storage, will tend to keep prices above those in the first half of 1937. But the non-seasonal advance of last fall may prevent a full seasonal advance this spring.

Feed situation

While the cost of feed relative to the price of eggs has risen in January by more than average (1925-34), the rise has been much less than in January a year ago. Between 3 and 4 dozen fewer eggs are now required to buy 100 pounds of poultry ration than was the case in early 1937. This spring - the period when egg production is at its heaviest - it is likely that the poultryman's feed costs in terms of eggs will be near average and will be about two-thirds of last spring's feed cost.

The feed-egg ratio at Chicago, weekly, average 1925-34, annual 1937-38

Year	Dozens of eggs required to buy 100 pounds of poultry ration										
	Week ended as of 1938										
	Jan. 1	Jan. 8	Jan. 15	Jan. 22	Jan. 29	Feb. 26	Apr. 30	July 2	Sept. 3	Oct. 29	Dec. 3
	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.
Average 1925-34	4.16	4.06	4.23	4.52	4.82	6.04	6.43	6.71	5.68	4.24	3.64
1937	6.98	7.76	8.79	9.30	9.03	9.13	10.80	10.18	8.17	5.32	4.79
1938	4.89	5.30	5.40	5.88							

Hatchings

One of the most important consequences of the change in the feed-egg ratio from that of 1937 will be its effect in increasing the 1938 hatch. Some evidence of this is already present in the reports of increased commercial hatchings during December. The increase is estimated to be nearly 25 percent. While these hatchings are primarily for winter broiler production, the tendency for larger hatchings than a year earlier is expected to continue.

Poultry marketings

Receipts of dressed poultry at New York in January continued about 16 percent under those of a year earlier. With very low stocks of poultry on farms, receipts during the first half of this year will probably remain much below those of 1937 and below the 1925-34 average.

Receipts of dressed poultry at New York, average 1925-34, annual 1937-38

Year	Week ended as of 1938							
	Jan. 8	Jan. 15	Jan. 22	Jan. 29	Feb. 26	Apr. 30	May 28	July 2
	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.
Average 1925-34	3,949	3,220	3,047	3,324	2,432	2,245	2,651	3,305
1937	2,492	2,495	3,552	3,720	1,770	3,419	2,342	3,739
1938	2,611	2,055	2,485					

Poultry storage

Frozen poultry, stored during the period from September to January, is an important source of supplies for consumption during the first half of the year, when receipts of fresh poultry are the lowest. Stocks of frozen poultry in the United States on January 1 were 34 percent below the record stocks of a year earlier but were slightly above the 10-year average, 1925-34. The net out-of-storage movement during January at the 26 major storing cities has been somewhat greater in 1938 than in 1937.

Storage stocks and out-of-storage movement of frozen poultry at 26 markets

Year	Week ending as of 1938				
	Storage stocks: Jan. 1	Storage movement: Jan. 8	Jan. 15	Jan. 22	Storage stocks: Jan. 22
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Average 1925-34 ...	91,746	+ 4,662	+ 622	- 742	96,290
1937	140,802	+ 1,616	- 2,677	- 1,996	137,745
1938	93,182	+ 419	- 1,319	- 2,587	89,695

Chicken prices

The farm price of chickens rose from December 15 to January 15 but not by so much as the average seasonal amount nor by so much as last year. While low supplies of poultry, both on the farm and in storage, will tend to keep chicken prices high this spring it is believed that part of the seasonal price advance has been anticipated by the exceptional rise this spring. Hence a less-than-average increase in prices is likely to occur in 1938.

Because of a probable increase in the hatch this year over last, chicken prices in the last half of 1938 are expected to drop below those of a year earlier.

Farm price of chickens per pound

Year	Jan.	Mar.	May	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Average 1925-34	16.8	17.5	18.3	17.8	17.3	17.3	16.8	16.2	15.8
1936	16.5	16.6	16.6	16.1	15.1	14.9	14.0	13.2	12.6
1937	13.4	14.4	14.8	15.3	16.8	17.4	17.6	16.9	16.4
1938	16.7								

Nonagricultural income, average 1925-34, annual 1936-37
(Seasonally corrected indexes, 1924-29 = 100)

Year	Jan.	Mar.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Average 1925-34	91.0	90.4	89.7	89.8	89.6	89.6	89.4	89.4	89.1	88.8
1936	81.5	82.5	84.1	85.1	86.8	87.4	87.9	89.8	92.6	100.9
1937	92.9	95.3	96.9	96.9	97.7	98.2	96.8	96.3	95.1	98.3

Laying flock size

The laying flock is usually near its maximum size for the year on January 1. This year numbers of hens and pullets of laying age in farm flocks on January 1 were at their lowest point of record for that date - 8 percent below 1937 and 12 percent below the 10-year average, 1925-34. The cover chart shows laying flock size (adjusted for seasonal movement by comparison with the 10-year average of each month). The January figure is farther below average than any month has been in the period since 1925. The graph has a distinctly cyclical character, the low points occurring rather regularly at 3-year intervals. It is likely that the first quarter of 1938 will mark another such low in numbers of laying birds.

Average number of laying hens in farm flocks on the 1st day of month

Year	Jan.	Feb.	Mar.	May	June	Aug.	Sept.	Nov.	Dec.
	Number	Number	Number	Number	Number	Number	Number	Number	Number
Average 1925-34	87.5	87.2	84.7	77.4	73.4	66.8	66.1	75.7	81.9
1937	84.2	82.5	80.0	73.1	68.5	62.1	59.9	69.3	74.4
1938	77.4								

Egg production

Though the number of eggs laid on January 1 per 100 hens and pullets of laying age continued at record high levels for this time of year, it was but little above that at the beginning of 1937. It is likely that the extreme cold weather of late January has brought egg production per hen down below that of February 1, 1937.

Eggs laid per 100 hens and pullets of laying age in farm flocks

Year	Jan. 1	Feb. 1	Mar. 1	May 1	July 1	Sept. 1	Nov. 1	Dec. 1
	Number	Number	Number	Number	Number	Number	Number	Number
Average 1925-34	16.5	24.2	38.4	55.1	42.2	32.4	17.0	13.9
1937	22.0	25.7	39.2	57.8	44.4	36.1	21.1	18.6
1938	22.7							

The small flock size, even with the high rate of egg production reported as of January 1, has brought total production below that of early 1937. Total production, however, was still the second largest on record for January 1 and 21 percent above the 10-year average for the first of the year.

Eggs laid daily per farm flock

Year	Jan. 1	Feb. 1	Mar. 1	May 1	July 1	Sept. 1	Nov. 1	Dec. 1
	Number	Number	Number	Number	Number	Number	Number	Number
Average 1925-34	14.6	21.1	32.7	42.2	29.2	21.1	13.0	11.5
1937	18.5	21.6	31.7	41.8	27.9	21.1	14.7	14.1
1938	17.7							

Egg marketings

Egg receipts at New York since January 1 have been about 11 percent above average but much below those in the same period of 1937. They are now increasing seasonally.

Receipts of eggs at New York, average 1925-34, annual 1937-38

Year	Week ending as of 1938							
	Jan. 8	Jan. 15	Jan. 22	Jan. 29	Feb. 26	Apr. 30	May 28	July 2
	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases
Average 1925-34	82.2	94.6	101.1	112.2	134.1	235.1	217.9	160.0
1937	128.7	153.4	176.6	150.0	1/115.2	213.8	193.4	151.5
1938	85.2	99.4	131.7					

1/ 5-day week.

Egg storage

Stocks of shell eggs in cold storage at 26 major storing centers are now below those of early 1937 and are also below the 1925-34 average. Stocks of frozen eggs, however, on January 22 were more than twice as great as in 1937. These large frozen egg holdings may lead to a reduction in egg breaking this spring and hence to an increase in the quantity of eggs to be consumed at once or to be stored in the shell.

Egg storage margin

Eggs are stored mainly during the period from March through June and come out of storage chiefly during the period from September through January. The difference in average prices between these two periods is a rough measure of the average gross profit on the season's storage operations. From this margin an allowance must be made for storage costs of all kinds; these costs are estimated to average from 3.5 to 4.0 cents per dozen. The results of the preceding storage season, from the standpoint of the operator, often have a bearing on the level of egg prices in late winter and early spring, and tend to affect the quantity of eggs stored.

The supplementary data at the end of this report shows that in only one year - 1930 - in the period from 1916 through 1937 has the season's storage operations been so unprofitable as during the past season.

Estimated storage margin on eggs per dozen, average 1916-35, 1925-34, annual 1935-37

Year	Seasonal average st. pkd. firsts at N.Y. Mar. - June	Seasonal average refrig. firsts at N.Y. Sept. - Jan.	Storage margin
	Cents	Cents	Cents
Average			
1916-35	28.22	33.16	4.94
1925-34	24.08	27.69	3.61
1935	25.06	23.66	-1.40
1936	21.24	26.82	5.58
1937	22.62	1/20.65	1/ -1.97

1/ Preliminary.

The March-June average price is the average of the monthly prices of storage packed firsts at New York weighted by the net into-storage movement as indicated by the first-of-the-month United States cold storage reports. The September-January price is similarly obtained using the price of refrigerator firsts at New York weighted by the net out-of-storage movement.

Egg prices

The farm price of eggs fell 17 percent from December 15 to January 15. The average decline, 1925-34, was 13 percent but last year an exceptionally sharp drop of 24 percent occurred. Egg prices usually decline until March. In 1937 they declined throughout the spring. In 1938 it seems likely that the low point will be reached early in the spring. The unfavorable storage margin, the heavy carry-over of frozen eggs and the expected lower consumer incomes will all tend to keep prices in the early spring below those of a year earlier. It is believed, however, that the small flock size will so reduce production by mid-spring that prices will rise above those of 1937. With smaller storage stocks likely by August 1 than a year before the spread in price between 1938 and 1937 is expected to widen.

Farm prices of eggs per dozen.

Year	Jan.	Feb.	Mar.	Apr.	May	July	Aug.	Oct.	Nov.	Dec.
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Average 1925-34	31.0	24.0	19.3	18.7	18.7	20.0	22.0	30.0	35.4	35.7
1936	22.8	23.8	17.5	16.8	18.1	20.0	22.4	27.6	32.5	30.5
1937	23.1	20.1	19.9	20.1	17.9	19.4	20.4	25.2	23.0	26.0
1938	21.6									

Supplementary Data

Eggs, per dozen: Estimated storage margin, 1916-37

Year	Seasonal average st. pkd. firsts at New York Mar. - June	Seasonal average refrig. firsts at New York Sept. - Jan.	Storage margin
	Cents	Cents	Cents
1916	23.27	33.70	10.43
1917	35.52	37.81	2.29
1918	36.88	46.37	9.49
1919	45.90	51.68	5.78
1920	45.92	56.44	10.52
1921	28.47	36.78	8.31
1922	27.71	29.50	1.79
1923	28.36	30.92	2.56
1924	26.54	39.40	12.86
1925	31.79	34.27	2.48
1926	31.68	36.31	4.63
1927	25.72	34.15	8.43
1928	30.54	30.87	.33
1929	30.21	38.22	8.01
1930	25.66	21.32	- 4.34
1931	19.08	19.42	.34
1932	14.38	23.43	9.05
1933	14.30	16.42	2.12
1934	17.47	22.48	5.01
1935	25.06	23.66	- 1.40
1936	21.24	26.82	5.58
1937	22.62	1/ 20.65	1/ - 1.97

1/ Preliminary.